



Getting Off on the Right Foot:

*12 Sound IT and Bookkeeping Decisions for
Any New Business*

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Congratulations on starting a new business! Whether this is your first business, or 50th, starting any new enterprise is reason for celebration (as well as the anticipation of probably some really hard work).

Like anything, there is a benefit in doing things right the first time. We are happy to help clients fix their IT or bookkeeping systems, and we do this plenty, but we would much rather have clients spare themselves the turmoil (and expense) by setting things up correctly in the beginning. Running a new business is hard enough. No one needs the added challenge of fighting systems that are not reinforcing what you are doing.

It's with this in mind that we have created this free guide for how to setup the most common systems new businesses use/need. For the record, none of these links are affiliate links and this guide is freely given. Let's dive in.

IT Systems:

1. **Setup Cloud Backup:** We mention this first because it is just too valuable to not focus on. Additionally, online backup services are so easy and inexpensive these days, there is literally zero reason to not setup a backup. Most services can be setup in about 30 minutes (or less) and can protect you from some truly ghastly harms. Everything from virus infection, to hardware failure, to theft, to hardware destruction can be mitigated through the use of a solid online backup. Truly, we cannot recommend this enough.

The service we recommend is [Backblaze](#). It is what we use for our personal backups, which we have had to actually use. To put it simply, our [Backblaze](#) backups have always been flawless and have allowed us to totally rebuild key systems quickly and completely. Not only that, but [Backblaze](#) is very reasonably priced and has great support.

2. **Choose Email and Website Providers Wisely:** Sure, your brother's neighbor's cousin knows a high school kid who will build you a website for \$75, but is that what you really want? Or, if you've only worked with corporate email, is Exchange the best email platform for you? Well, it depends.

Switching email and website providers can be a pain, and unreliability with either can harm your business. As such, it pays to choose wisely.

For websites, figure out what you need before you find a provider. For many new businesses, a simple 3-5 page website should suffice. For some businesses, a long one-page website would be a perfect fit. The key is, figure out what is really important for your business to communicate and find the most efficient means of doing so. If you have a DIY spirit, some people love [Squarespace](#), and others like [Wix](#) or [Weebly](#).

For a more custom route, find a provider that will give you something reasonable that fits

your business. For example, our modern, custom, responsive one-page websites start at \$500, and a 3-5 page responsive site for a new business starts at \$1500. You shouldn't have to pay thousands and thousands of dollars for something really good.

For website hosting, make sure your host backs up your website and has really strong uptime reliability. If your website is built on WordPress, or another content management system, consider a host that will also do regular, scheduled maintenance for you. Bad things happen when content management systems are not properly maintained and updated. Again, website backups are really important here. If your website is hacked, often restoring a backup is the only reliable remedy.

For email, the decision for most people comes down to Microsoft ([Office 365](#)) or Google ([G Suite](#)). The decision as to what will work the best for you really comes down to how you want to interact with these services. If you use (and love) Outlook, then Office 365 is a no-brainer. If you use/enjoy Google services (e.g. Google Docs, Gmail, etc.), then G Suite is great. They are both competitive price-wise, so choose the one that integrates with the way you want to use it the best. Personally, we use [G Suite](#), mostly for the mobile functionality. Granted, [Office 365's](#) mobile functionality is fine, we just find there are more options on mobile platforms for Gmail (which is what G Suite utilizes for email).

3. **Setup Cloud File Storage:** To be clear, this is NOT the same as backup, and not a replacement for it. This is a service such as [Dropbox](#), [Google Drive](#), or [One Drive](#). It is true that this is sort of a second-layer of backup, but its main functionality is centralized file sharing (not to mention having access to files on multiple computers).

With good backup, email, and cloud file storage, companies can go a long time without needing a server. Additionally, most new businesses need to share files, a lot, and these services make that a snap.

Another benefit of this sort of service is that you can have one repository for company files that is shared with whomever needs access. Things like your EIN, Business License, Financials, etc. can be put here and access can be doled out to whomever needs it, which is about 1000% more reliable and convenient than just emailing attachments around.

One tip here is to get in the habit of having a clean file/folder structure. Files accumulate fast and having a clear separation into folders that make sense can keep your drive from turning into a rat's nest. Even if your folders only have a couple of files in them at first, getting in the habit of keeping things organized will pay dividends down the road.

To be honest, we don't really have a horse in this race, but what we use internally is [Dropbox](#). We have used it since it came out and it has been beyond rock-solid (and is VERY easy to use and work with).

- 4. If on Windows, Have Strong Anti-Virus:** Again, backups are key. In fact, for ransomware, sort of the malware du jour, there really is no other reliable remedy. There are a lot of options here, so do your research. Find an option that offers complete protection (viruses, spyware, ransomware, phishing) but that also won't totally bog down your system. Read some reviews from reliable outlets and try some options out. Don't just go with whatever was installed on your computer from the factory. Most importantly, keep whatever you choose updated and current. Be proactive and choose a solution intentionally. Malware can cause serious, expensive damage, so it's worth a little time and effort to get this right.

Personally, we like [Vipre](#) as a solution. It is very good at detecting threats, and does a good job with cleanup.

Of course, the first line of defense is common-sense. Think before you click, especially on links from emails. Make sure links are going to where they say they are. If you have a small office, think about a firewall that can do some of the heavy lifting here. Enable features like anti-phishing, geo-filtering (filtering out traffic/links to unsavory countries), bot-net filtering, etc.

These days, the onus is on every business to take security seriously and it starts with solid tools to help defend against threats.

- 5. If You Are In An Office, Never Run Your Own Website/Email/Remote-Access Servers:** Tragedy can strike from letting the whole Internet access your own servers, so save yourself the headache and just use external service providers. Again, get a decent firewall and use something like [GotoMyPC](#) for remote access.
- 6. If You Use A Laptop, Encrypt Your Hard Drive. Same Goes For Your Phones/Tablets:** It's much better to have your car being broken into be an inconvenience, rather than a disaster. Modern software makes this pretty easy, and device theft is commonplace. Protect yourself and your data ahead of time and encrypt any storage on mobile/laptop devices that you will have company data/files on (and this includes email and cloud file storage).
- 7. If Not Already, Use A Password Manager:** We read about website data breaches almost every week it seems. In this day and age, we really should have different, strong passwords for every site we interact with. Not only that, but the more precious the data, the longer the password should be (we recommend 20-character unique passwords for online banking, and 12-15 character passwords for email, for example). The problem is, keeping track of separate passwords for every site is just about impossible without the use of a password manager. Fortunately, there are several very good ones available nowadays.

The password manager we like the most is [Dashlane](#). It is very easy to use, automatically logs you in, and can change all of your passwords with the click of a single button.

Bookkeeping Items:

1. **Use Accounting Software and Setup Your Chart Of Accounts BEFORE You Sync With Your Bank:** Let's face it, fixing bad books in year two of a business stinks. It's expensive, complicated, and takes 10 times the effort just setting things up right the first time would have.

For accounting software, we recommend (and support as a certified ProAdvisor) [Quickbooks Online](#). Simply put, it is the easiest, most full-featured accounting software available for small business.

Before you start using QuickBooks, though, create your chart of accounts first. If you do not know how to do this, please get help (we are happy to help with this). Having a clean, well-organized chart of accounts will not only make your bookkeeping easier, but it will save you a ton of hassle and confusion in the future.

And, before you sync your bank account in QuickBooks, setup your chart of accounts in QuickBooks first. Please don't just sync your bank transactions and let QuickBooks create your accounts for you. Give your transactions some order first by setting up your chart of accounts, then steer your transactions thusly. Solid bookkeeping requires solid management, and the first step is to make sure that your chart of accounts is the authority for the classification of all of your transactions.

2. **Make Sure to Have A Separate Business Bank Account:** Keeping finances of a new business straight is hard, but it is made MUCH harder by not keeping accounts separate. Setting up a separate business bank account (and treating it that way) is key in not only keeping things organized and clear, but also being able to tell how well your business is really doing.

For this, your bank will need your master business license and any related items from the secretary of state (e.g. LLC or incorporation documents).

3. **Use Your Financial Statements To Help Guide Business Spending Decisions:** Don't just go off of your current bank balance. Understand how profitable things are, or aren't. If things aren't profitable, understand how many months you can survive at current revenue (with no additional spending). Understand your cash flow, how profitable different parts of your business are, and how high your monthly overhead really is.

Good financial statements are incredibly useful tools for steering your business. It is critical to make decisions about your business based on how your business actually works, not how it seems like it works.

4. **If You Are Not A QuickBooks Expert, Get Some Training, Or Find Someone Who Is:** Again, we are certified Pro Advisors, but so are a lot of really great bookkeepers and accountants. Find a partner that will work with you to not only help you use QuickBooks correctly (believe us, there are LOTS of ways to use it incorrectly), but that will also help you prepare and understand your financial statements.

The accounting function of your business is simply too important to not only manage well, but also reap the rewards of the information it can tell you about your business.

5. **Start Your Tax Planning Now:** Being in business is very different than being an employee, tax-wise. You must save and pay your own income taxes (plus a fun little thing called “self-employment tax”, basically what would normally be the company’s and individual’s portion of payroll taxes for the owner).

Don’t wait for a huge tax bill next year to remind you that you need to be saving for taxes. Start saving early. Start now.

For most new small businesses, that are either sole proprietorships or single-member LLC’s, all company profit flows through to the company owner.

So, if your company makes \$100,000 in profit this year, you will be on the hook to pay income taxes on \$100,000 (plus self-employment tax). Any amount of money you pay yourself does not reduce your profit. You, as the business owner, are not an expense.

So, if you make \$100,000 in profit, and you pay yourself \$100,000, you owe taxes on \$100,000. If you make \$100,000 in profit and pay yourself \$20,000, you guessed it, you owe taxes on \$100,000.

You are not an employee, you are an owner, and as such, the business and you are the same thing. BTW, it is a good idea to **save at least 25% of earnings** (35% is better, to account for unforeseen business expenses, but sometimes hard for new businesses) for tax payments. Just get in the habit of doing this every time you pay yourself. Pay yourself \$2000? Put \$500 in savings (and don’t touch it).

This **should** get you close to what you owe. Of course, everyone is different, and different situations will either raise or lower your total tax bill. But as a rule of thumb, 25% of what you pay yourself is a good place to start (over time, you will figure out the exact percentages you need to be saving).

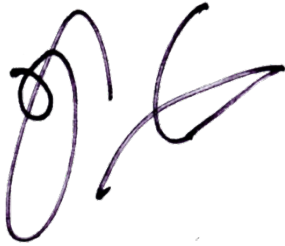
When you pay yourself, just write a check to you out of your business bank account. Or, if you use electronic payment, just pay yourself that way. In QuickBooks, record it as an 'Owner Draw' (you should have an account for this).

Remember, as a business owner, no one is paying taxes for you. You must do that, ideally quarterly, by making “estimated payments” directly to the IRS.

When you go to pay your estimated taxes, you will pay on the total profit, regardless of how much you paid yourself. [You can do this online](#), it's easy.

I hope this guide was helpful to you and wish you the best of luck with your new business. If you would like help with any of the above items, or any other IT or bookkeeping issues, please feel free to contact me at jc@1123it.com.

Best to you and your enterprise,

A handwritten signature in purple ink, consisting of a large, stylized 'J' and 'C' that are interconnected.

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